Supreme Court, U.S.
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No.

In The

Supreme Court of the United States

October Term, 1995

CHUMS, LTD.,

Petitioner,

vs.

SNUGZ/USA, INC. and HOWARD JAMES ADAMSON,

Respondents.

Petition for Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit

PETITION FOR A WRIT OF CERTIORARI

PHILIP A. MALLINCKRODT
Attorney for Petitioner
510 Newhouse Building
10 Exchange Place
Salt Lake City, Utah 84111
(801) 328-1624

QUESTION PRESENTED FOR REVIEW

Certiorari should be granted to resolve the conflict among the circuits as to whether product configuration is entitled to trade dress protection to the same extent as are word or picture trademarks and trade dress consisting of packaging or decoration.

PARTIES TO THE PROCEEDING

Petitioner, Chums, Ltd., is a Utah corporation which maintains its principal place of business in Hurricane, Utah. It was the Plaintiff in the district court proceedings in this case and the Appellant before the United States Court of Appeals for the Tenth Circuit.

Respondents, Snugz/USA and Howard James Adamson, are a Utah corporation and a Utah resident, respectively. Respondent Snugz/USA, at all times, has maintained its principal place of business either in Provo, Utah or Salt Lake City, Utah. Respondent Adamson at all times has resided in Utah County, Utah. Respondents were defendants in the district court proceedings and Appellees before the United States Court of Appeals for the Tenth Circuit.

There are no other parties to this action.

TABLE OF CONTENTS

Page

Questions Presented for Review i

Parties to the Proceeding ii

Table of Contents iii

Table of Citations iv

Opinions Below 1

Statement of Jurisdiction 2

Statute Involved 2

Statement of the Case 3

A. The Trial 3

B. The Jury Instructions 7

C. The Verdict 8

D. The Appeal 8

E. The Court of Appeals Decision 9

Reasons for Granting the Writ 11

Certiorari should be granted to resolve the conflict among the circuits as to whether product configuration is entitled to trade dress protection to

the same extent as are word or picture trademarks or trade dress consisting of packaging or decoration. 11

Conclusion 19

APPENDIX . . . . . .

A. Order and Judgment of the United States Court of Appeals for the Tenth Circuit, Filed August 25, 1995 . . . . . 1a

B. Judgment of the United States District Court for the Central District of Utah dated December 8, 1993 . . . . . 7a

C. Order of the United States Court of Appeals for the Tenth Circuit RE: Rehearing, Filed October 27, 1995 . . . . . 9a

D. Plaintiffs Proposed Instruction No. 8 . . . . . 11a

E. Instruction No. 25 (given by the District Court) . . . 14a

F. Instruction No. 26 (given by the District Court) . . . 15a

G: Chums Eyeglass Retainer 16a

H. Snugz Eyeglass Retainer 17a

I. Special Verdict, Chums v. Snugz 18a

TABLE OF CITATIONS

Abbott Laboratories, Inc. v. Mead Johnson & Co., 971 F.2d 6 (7th Cir. 1992) 10, 15

Beer Nuts, Inc. v. Clover Club Foods, Inc., 711 F.2d 934 (10th Cir. 1983) 9, 18

Beer Nuts, Inc. v. Clover Club Foods, Inc., 805 F.2d 920 (10th Cir. 1986) 9, 17, 18

Brunswick Corp. v. Spinit Reel Co., 832 F.2d 513 (10th Cir. 1987) 9, 14

Clamp Mfg. Co. v. Enco Mfg. Co., 870 F.2d 512 (9th Cir. 1989) 10

Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd., 40 F.3d 1431 (3d Cir. 1995) 10, 11, 14, 16

Fabrication Enterprises, Inc. v. Hygenic Corp., ___ F.3d ___, 35 U.S.P.Q. 2d 1753 (2d Cir. 1995) 10, 12

Fuji Photo Film Co. v. Shinohara Shoji, 754 F.2d 591 (5th Cir. 1985) 18

Imagineering, Inc. v. Van Klassens, Inc., 53 F.3d 1260 (Fed. Cir. 1995) 10, 15

LeSportsac, Inc. v. K Mart Corp, 754 F.2d 71 (2d Cir, 1985) . . . 17

Qualitex Co. v. Jacobson Products Co. __ U.S. __, 115 S.Ct. 1300, __ L.Ed.2d __ (1995) 12, 13, 16, 17

Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417(5th Cir. 1984) 18

Stix, Inc. v. Trik Stik, Inc., 708 F.Supp. 1551 (N.D. Cal. 1988). 15

Sturm, Ruger & Co. v. Arcadia Machine & Tool. Co., 10 U.S.P.Q. 2d 1522 (C.D. Cal. 1988) 15

Two Pesos, Inc. v. Taco Cabana, Inc., ____ U.S. ___, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992) 11-12, 13, 16, 17

Vesca Products Co. v. Bifold Co., 50 F.3d 189 (3d Cir.), cert. denied, U.S.L. WEEK 3237, ___ U.S. ___ (1995) . . . 10, 14, 18

Vornado Air Systems, Inc. v. Duracraft Corp. 58 F.3d 1498 (10 Cir. 1995), cert. pndg. 10, 13-14, 17, 18

STATUTES

15 U.S.C. §1121 3

15 U.S.C. §1125(a)(1) 2, 3

15 U.S.C. §1127 15

28 U.S.C. §1254(1) 2

MISCELLANEOUS

General Order, United States Court of Appeals for the 10th Circuit filed November 29, 1993, 151 F.R.D. 470 2

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OPINIONS BELOW

On August 25, 1995, the United States Court of Appeals for the Tenth Circuit issued its Order and Judgment, affirming the decision of the United States District Court for the District of Utah. That Order and Judgment was not recommended for full text publication, although it was reproduced in the United States Patent Quarterly (Second) at 36 U.S.P.Q.2d 1125. The Order and Judgment is not

binding precedent, except under the doctrines of law of the case, res judicata, and collateral estoppel. However, it may be cited under the terms and conditions of the court's General Order filed November 29, 1993 (151 F.R.D. 470), permitting citation, upon the citing party providing of a copy of the opinion to the court and opposing parties. A Petition for Rehearing was denied on October 27, 1995.

STATEMENT OF JURISDICTION

Petitioner seeks review of the Order and Judgment of the United States Court of Appeals for the Tenth Circuit of August 25, 1995. (Appendix A.) That decision affirmed the lower court's judgment of no cause of action herein. (Appendix B.) Petitioner invokes the certiorari jurisdiction conferred upon this Court by 28 U.S.C. §1254(1).

STATUTE INVOLVED

15 U.S.C. §1125(a)(1) (Section 43(a)(i) of the Lanham Act) provides:

> §1125. False designations of origin and false descriptions forbidden
>
> (a) Civil action. (1) Any person who, or in connection with any goods or services, or any container for goods, uses in commerce any word, term name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection,or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods,services, or commercial activities by another person,or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services,or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

. . . .

STATEMENT OF THE CASE

This case was brought in the United States District Court for the District of Utah, pursuant to Section 39 of the Lanham Act (15 U.S.C. §1121) and the court's supplemental jurisdiction as to state claims.

A. The Trial. The litigation concerned the trade dress--the overall impression created by the visual and physical attributes--of Petitioner's "Chums" and Respondents' "Sungz" eyeglass retainers. Petitioner claimed that the "Snugz" trade dress created an appreciable likelihood of confusion with the "Chums" retainer in violation of Section 43(a) of the Lanham Act (15 U.S.C. Section 1125(a)). (Eyeglass retainers, as the name indicates, are devices which hold eyeglasses in place, when in use or when hanging from the wearer's

neck. Such products have become increasingly popular in recent years.)

The disputed trade dress is the two products' very configuration: packaging, labels, media advertising, etc., do not figure in their marketing. (The retainers are sold at retail for approximately $5.00 apiece or are distributed by purchasers as free promotional items. When they are sold at retail, they bear hang tags with their respective brand identifications; when they are purchased, and then distributed, as promotions--at store openings, meetings, etc.--they do not appear with hang tags. Of course, when they are worn by users--which is when the public most often sees them--they bear no tags of any kind. Even when they bear hang tags at retail, the evidence is that the tags and brand names receive little notice.)

The Chums and Sungz retainers (Appendices G and H, respectively) are identical in configuration, components, and appearance. The products could not look or feel more alike. Snugz followed every detail of the Chums retainer. The products differ only in that they bear different brand names, and those names appear in less-than-half-inch print in the same location--a tab where the retainer's two tubes join--on each retainer. Those names appear in practically identical colors (i.e., crimson and magenta). The brand names' very slight impact is reduced even further when intermediate buyers have their names imprinted, much more conspicuously, on the sides of the retainers (e.g., a bank imprinting "First National Bank" on its promotional items). It is virtually impossible for a casual observer to tell that he or she has seen different products if he/she sees the two products separately; a litigation survey, which concededly was conducted properly and scientifically, revealed that even when the retainers were seen together with identifying hang tags (a rarity in the marketplace, since a retailer is more likely to sell one or the other), more than half the viewers thought the two products were produced by a common source.

Petitioner Chums, Ltd. introduced its Chums retainer in 1984. The product's appearance evolved only slightly over the next three years and has not changed at all since 1987 (Appendix G). By 1990, the Chums retainer's annual sales already exceeded $1,000,000, making it widely recognized and the second-best selling retainer on the market. (The best-selling retainer, "Croakies", was of a completely different design.) Snugz/USA and Adamson (who was a former Chums distributor) introduced the Snugz retainer in 1990. The two products compete directly at retail and in the promotional market: in fact, a number of companies which purchase retainers for promotional purposes have purchased from both companies. The general public's recognition of a product enhances its value as a promotional item: obviously, people tend to prefer "freebies" which they recognize.

The case's facts were straightforward: a junior user had adopted what is it knew--Adamson was a former Chums distributor--was an exact copy of a popular impulse item and went into direct competition with the established product. The Chums and Snugz retainers share features which no other retainer possessed in 1990. For example, the square tab at the end of the Chums retainer and the round, shiny black adjusting bead had been unique; Snugz copied them exactly--in precise size, color and texture; it copied the Chums' tubes with the same exactitude. There are no two ways about it: Respondents carefully created a second Chums.

At trial, Chums presented the two subject retainers,as well as other manufacturers' retainers in evidence. It presented survey evidence of source confusion (that more than half of all respondents incorrectly believed that Chums and Snugz had been produced by the same company, while those interviewees reported nearly no source confusion between Chums and Snugz and other retainer brands or among any of the other brands). The interviewees--shoppers in three

cities--were a valid sample of likely retainer buyers and likely recipients of promotional goods: both the retail and promotional trades target the "general public"; retainers may be purchased by, or given to, anyone who wears prescription glasses or sunglasses. They are inexpensive "impulse" items, which do not receive much scrutiny from consumers. Indeed, even retailers and promotional buyers give retainersonlyslightscrutiny:a sporting goods store with a million-dollar annual volume may sell one or two thousand dollars worth of retainers; a bank opening a new branch will not spend much time selecting several hundred dollars worth of complimentary items.

Chums presented numerous examples of actual product confusion, including: that a Sungz distributor complained to Sungz that someone else was selling Snugz in her market: the offending retainers turned out to be Chums; that a major corporate buyer sent a Snugz order to Chums; that a retailer marked a Snugz product as Chums; that a businessmen very familiar with Chums had worn a Snugz for several months, while thinking it was a Chums; that a person indicated that his Sungz retainer was the same brand as a Chums depicted on a Chums T-shirt; that numerous business people at trade fairs confused the two products where both companies had booths at the fairs, etc.

Respondents' answer to this evidence was to argue that it just wasn't enough. They offered testimony by a store owner and a former Snugz' sales representative that they had not observed instances of confusion. They argued that the survey, which demonstrated that interviewees in shopping malls thought that the two products were "made by the same company," somehow did not indicate source confusion. They finally argued that, after all, people could read the different names if they saw both retainers at close quarters and were interested.

B. The Jury Instructions. Chums requested, by its proposed Instruction No. 8 (Appendix D), that the court instruct the jury to apply several criteria of likelihood of confusion, all of which are well-established in trademark litigation, including:

> 1. "[You may consider, giving whatever weight you choose,] [t]he degree of similarity between the Chums and Sungz retainers themselves."
>
> 2. "You may, if you choose, give great weight to even a limited number of instances of actual confusion. While very few little proof of actual confusion may be sufficient to prove a likelihood of confusion, an almost overwhelming amount would be necessary to refute that proof."
>
> 3. "One who adopts a trade dress similar to another trade dress which already is established in the marketplace does so at his peril. All doubts must be resolved against him. . . ."
>
> 4. "If you find that Snugz deliberately adopted a trade dress similar to Chums, you may infer that Snugz intended to pass off its goods as Chums-produced or Chums-sponsored. If you do infer that this was Sungz' intent, you are instructed to further infer that there is a likelihood of confusion in the market."
>
> Appendix D, at pp. 11a-13a.

As will be noted below, the above criteria are nearly universal rules, at least in cases involving word or picture trademarks or packaging or decorative trade dress.

The district court refused to instruct the jury on any of the above criteria. Rather, it simply instructed that it was Plaintiff's burden to prove a likelihood of confusion Instruction No. 26, (Appendix F, at p. 15a), without any elaboration or guidance. It also gave an instruction (Instruction No. 25, Appendix E), immediately preceding the instruction on burden of proof, stating:

> There is nothing inherently improper or illegal if one company makes or sells a product that is similar or even identical to another product already on the market. In certain circumstances, such activity can be prohibited. In other circumstances, such activity is allowed as part of a competitive economy. Merely because defendant's product looks similar or identical to plaintiff's product is not enough, by itself, to conclude that defendant did anything improper or illegal. Appendix E, at p. 14a.

C. The Verdict. The case was tried to a jury, which returned a three-part special verdict (Appendix I), addressing whether the Chums retainer was distinctive (either inherently or through secondary meaning), whether the Chums retainer was functional, and whether there was a likelihood of confusion between the Chums and Snugz retainers. The jury found the Chums to be distinctive and nonfunctional, but found no likelihood of confusion. (Ibid.)

D. The Appeal. Petitioner appealed, claiming, among other errors, that it was entitled to have the jury instructed in Appendix D's criteria and that the court's error in refusing that instruction was compounded by its essentially exculpatory instruction (Appendix E) that there is "nothing inherently improper" in selling a product "identical to another product that already is on the market" and by the incorrect statement that "[m]erely because defendant's product looks . . . identical to plaintiff's product is not enough, by itself, to conclude

that defendant did anything improper or illegal." Petitioner argued that such an instruction, even if it were saved from literal error by words like "inherently", effectively negated the rule that a jury may find likelihood of confusion on the basis of product similarity itself, as well as negating the other presumptions and inferences to which Petitioner was entitled.

The cited portions of proposed Instruction No. 8 (Appendix D) was drawn--often nearly verbatim--from two earlier Tenth Circuit trademark cases, Beer Nuts, Inc. v. Clover Club Foods, Inc., 711 F.2d 934, 941 (10th Cir. 1983) and 805 F.2d 920, 927 (10th Cir. 1986) ("Beer Nuts I and II"). The Beer Nuts criteria had been commended in other Tenth Circuit decisions. E.g., Brunswick Corp. v. Spinit Reel Co., 832 F.2d 513, 521 (10th Cir. 1987).

E. The Court of Appeals' Decision. The court of appeals refused to find error. The panel characterized Petitioner's proposed instruction as "long, convoluted and confusing" (Appendix A at p. 4a), although a 2½ page instruction on statutory criteria is by no means unusually long and the "convolution" and "confusion" are hard to detect (and certainly could have been remedied if the trial court perceived an editorial problem). The panel further stated that "likelihood of confusion is stated in far more succinct fashion by [the] actual Instruction" (Id. at p. 4a)--which, of course, gave the jury no criteria or guidance whatever. The panel considered Instruction No. 25 (Appendix E) harmless, because product similarity does not create "a presumption of illegality" (Id. at p. 5a)--although Petitioner argued that such similarity could create an inference or even a presumption of likely confusion (since Respondents had deliberately adopted a trade dress identical to one already established in the market).

F. The Conflicting Rules on Configuration Trade Dress. The court of appeals evidently considered that Chums, whose trade dress claims were based entirely upon product configuration, was not

entitled to the relatively expansive protection which routinely is accorded word or picture trademarks or trade dress consisting of a package or decoration. This was consistent with the recent dictum of another panel of the same court that protection of product configuration trade dress was not "intended to be as expansive as . . . . protection of traditional word and picture trademarks." Vornado Air Systems, Inc. v. Duracraft Corp. 58 F.3d 1498, 1508 (10 Cir. 1995), cert. pndg. The Third Circuit has embraced that same proposition wholeheartedly. Vesca Products Co. v. Bifold Co., 50 F.3d 189, 201-203 (3d Cir.), cert. denied, 64 U.S.L. WEEK 3237, ___ U.S. ___ (1995); Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd., 40 F.3d 1431, 1438-1442 (3d Cir. 1995). On the other hand, the Second, Seventh and Ninth Circuits appear to treat configuration trade dress as entitled to the same protection level as "traditional" trademarks. E.g., Fabrication Enterprises, Inc. v. Hygenic Corp., ___ F.3d ___, 35 U.S.P.Q. 2d 1753, 1754 (2d Cir. 1995); Imagineering, Inc. v. Van Klassens, Inc., 53 F.3d 1260, 1264 (Fed. Cir. 1995) (construing Second Circuit law); Abbott Laboratories, Inc. v. Mead Johnson & Co., 971 F.2d 6, 20 (7th Cir. 1992); Clamp Mfg. Co. v. Enco Mfg. Co., 870 F.2d 512, 516 (9th Cir. 1989).

Petitioner was entitled to its requested Instruction No. 8 or an equivalent instruction and to the exclusion of the district court's Instruction No. 25, if configuration trade dress is entitled to the same level of protection as are word or picture trademarks. However, a split of authority as to configuration trade dress and related issues now exists among the circuits.

Petitioner seeks review of these issues by this Court.

REASONS FOR GRANTING THE WRIT

CERTIORARI SHOULD BE GRANTED TO RESOLVE THE CONFLICT AMONG THE CIRCUITS AS TO WHETHER PRODUCT CONFIGURATION IS ENTITLED TO TRADE DRESS PROTECTION TO THE SAME EXTENT AS ARE WORD OR PICTURE TRADEMARKS OR TRADE DRESS CONSISTING OF PACKAGING OR DECORATION.

A product's trade dress, which may be protected against confusion, may consist of a product's packaging or decoration or it may be the product itself. E.g., Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd., supra at 1433.

Chums' request for proposed Instruction No. 8, and its objections to the district court's Instruction No. 25, almost certainly would have been successful in a "conventional" trademark case. Further, there is no question that the refusal to give the equivalent of proposed Instruction No. 8, particularly when combined with an apparently exculpatory Instruction No. 25 that there is nothing intrinsically wrong with copying another's product and that the jury could not infer wrongful conduct simply from the products' appearances, was prejudicial.

Trade dress protection is a relatively recent development in the law of intellectual property and in litigation under Section 43(a) of the Lanham Act (15 U.S.C. §1125(a)). This Court addressed trade dress for the first time in 1992, in Two Pesos v. Taco Cabana, Inc.,__ U.S.___, 112 S.Ct. 2753, 120 L.Ed. 2d 615 (1992). As Justice Stevens, in concurrence, characterized the majority's opinion:

> [T]he Court interprets [15 U.S.C. §1125(a)] as having created a federal cause of action for an infringement of an unregistered trademark or trade dress and concludes that such a mark or trade dress shall receive essentially the same protection as those that are registered. Id., 112 S.Ct. at 2761.

Configuration Trade Dress v. Packaging Trade Dress. Assuming that Justice Stevens is correct, Two Pesos resolved, once and for all, that a trade dress would be judged by the same standards as a trademark in evaluating its distinctiveness and, presumably, the likelihood of its confusion with another product. However, the question now arises: are all types of trade dress entitled to the same level of protection? A full-blown dispute among the circuits has developed within the past year. The cases' texts demonstrate the dispute's depth; the number of recent cases demonstrates its urgency.

The courts of appeals for the Second, Seventh and Ninth Circuits appear to have treated configuration trade dress in exactly the same manner as other types of trade mark or trade dress: its entitlement to protection against copying is limited only by the doctrine of functionality, which limits all trademark protection. Fabrication Enterprises, Inc. v. Hygenic Corp., supra at 1754. That doctrine of equal status appears to be consistent with this Court's teaching (albeit in a different context) in Qualitex Co. v. Jacobson Products Co.,___ U.S.___ , 115 S.Ct. 1300, 1304,___ L.Ed. 2d___ (1995):

> It is the source-distinguishing ability of a mark--not its ontological status as color, shape, fragrance, word, or sign--that permits it to serve [the Lanham Act's] basic purposes.

The Qualitex decision noted that the 1988 amendment of the Lanham Act had specifically preserved "such things as a color, shape,

smell, sound or configuration as forms of trademarks as subjects for trademarks" (Id. at 1307) and that such product configurations as the Coca-Cola bottle have been registered as trademarks. Id. at 1303.

Notwithstanding *Two Pesos* and *Qualitex,* there is a serious division of authority among the circuits as to whether product configuration is as protected as are those forms of trade dress which are more analogous to a "traditional" trademark (e.g., packaging or such decoration as a distinctive purse snap). Resistance to an equal level of protection for configurations is strong in the Tenth and Third Circuits. For example, the court of appeals for the Tenth Circuit stated in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, supra at 1508;

> [W]e cannot assume that Congress in 1946 intended to be as expansive in its protection of product configuration as in its protection of word or picture trademarks.

The court went still farther:

> The degree to which a producer's goodwill will be harmed by product configurations correlates with the degree of consumer confusion as to source or sponsorship that is likely to result from the copying. We do not doubt that at least some consumers are likely to ignore product labels, names, and packaging and look only to the design of product features to tell one brand from another. These consumers are likely to be confused by similar product designs, and to the degree that this confusion is tolerated, the goals of the Lanham Act will be undermined.

> But the Lanham Act, like common-law unfair competition law in most state unfair competition statutes, has never provided absolute protection against all consumer confusion as to source or sponsorship. For its first fifteen to twenty years, the act was not even applied to the shapes of products or their containers [citations omitted]. And even after it was, courts consistently denied protection against that degree of confusion caused by the copying of functional configurations.

Id. at 1509.[1]

The Third Circuit was even more pointed in *Vesca Products Co. v. Bifold Co.*, supra at 202:

> [S]ubstantial similarity of trade dress in a product configuration case does not by itself strongly suggest a likelihood of confusion.

The Third Circuit also stated in Duraco:

> We conclude that traditional trade dress doctrine does not "fit" a product configuration because unlike product packaging, a product configuration differs fundamentally from a product's trademark, insofar as it is not a symbol according to which one can relate the signifier...to the signified. ...

Id. at 1434.

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[1] It should be noted that the above dictum was not all necessary to Vornado's holding, which concerned the patent/trade dress interface. However, it is a very strong indication of thinking in the Circuit.

Such limitations upon product configuration protection could justify a refusal to instruct a jury, in a configuration case, in criteria which virtually are standard in trademark cases. If, on the other hand, configuration is as protected as other forms of trade dress, the district court's decisions on instructions, herein were error. In Imagineering, supra at 1529, for example, the Federal Circuit applied to a configuration case the same standards for likelihood of confusion routinely applied to trademark cases.

The perception of configuration as protectable trade dress has expanded considerably in less than twenty years. Whereas earlier trade dress cases nearly all involved packaging, labels or decoration (such as distinct buttons or snaps), product configuration itself has become a frequently litigated form of trade dress. Without attempting a survey of case law, it may be observed that configurations of products as varied as those of plastic medicine bottles (Abbott Laboratories, Inc. v. Mead Johnson & Co., supra), handguns (Sturm, Ruger & Co. v. Arcadia Machine & Tool Co., 10 U.S.P.Q. 2d 1522, 1528 (C.D. Cal. 1988)), and knee guards (Stix, Inc. v. Trik Stik, Inc., 708 F.Supp. 1551, 1558 (N.D. Cal. 1988)) all have been accorded trade dress protection. The volume of such litigation and the depth of the circuits' discord is underscored by the fact that Imagineering, Fabrication Enterprises, Vornado, Vesca, and Duraco all have been decided in the past year. This is an important issue of federal law which is not likely to become less important nor to yield a consensus among the intermediate courts of appeals.

Petitioner submits that this Court's recent decisions have pointed toward maximum protection for product configuration. However, that perception apparently is not self-evident. Different courts of appeals have read, and will read, the Court's recent teachings differently.

In Two Pesos v. Taco Cabana, Inc., supra, the Court recited the definition of trademark in §45 of the Lanham Act (15 U.S.C. §1127) as "'any .symbol or device'" used "'to identify and distinguish [a person's] goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods'." Id., 112 S.Ct. at 2757. The Court stated that "trade dress" is not to be treated differently from "other distinctive words, symbols or devices capable of identifying a producer's product." Id. at 2760. Although the nature of the trade dress in Two Pesos was not specifically at issue, that trade dress was closely analogous to a product configuration: it was the particular "'festive eating atmosphere'" of a group of restaurants, which necessarily is part and parcel of the very service a restaurant performs. It included not only the "'artifacts, bright colors, paintings and murals'" of plaintiff's restaurants, but even the division of "'interior and exterior areas with the interior area capable of being sealed off from the outside patio by overhead garage doors'." Id. at 2755. (In fairness, the court of appeals in Duraco described Two Pesos as dealing with "a restaurant's decor, more akin to product packaging than product configuration." Supra at 1442. That description is plausible only if one considers a restaurant to sell food, rather than a dining experience.)

Two Pesos was emphatic that §43(a) of the Lanham Act pro-vides no "textual basis. . .for treating inherently distinctive verbal or symbolic marks differently than inherently distinctive trade dress" and protects "the initial user of any shape or design." Id., 112 S.Ct. at 2760.

In Qualitex, the Court described the purpose of trademark law as "preventing others from copying a source identifying mark" and protecting against junior users "capitalizing on a consumer's ability quickly to evaluate an item offered for sale." [citation omitted]. Id., 115 S.Ct. at 1303.

Two Pesos and Qualitex appear to teach that all identifiers are accorded equal status under the Lanham Act: that the same criteria of determining trademark status (principally, appropriate distinctiveness and lack of functionality) are to be accorded all classes of trademarks and trade dress. Such a reading of Two Pesos and Qualitex is directly contrary to the Vornado dictum's candid recognition that according less expansive protection to product configuration would leave unprotected those "consumers [who] are likely to ignore product labels, names and packaging"--and, the decision could have added, consumers of products for whom labels, names and packaging tend to be absent or inconspicuous--and that "to the degree this confusion is tolerated, the goals of the Lanham Act will be undermined." Vornado, supra at 1509.

The several panels of the Tenth and Third Circuits who have considered configuration cases in the past year certainly were not unaware or unrespectful of Two Pesos and Qualitex; they simply did not consider them to have as broad implications as their language--in Petitioner's judgment, at least--strongly suggests.

The divergent and irreconcilable views have definite consequences for the instant case.

> a. If configuration trade dress is as protected as packaging, or a picture or verbal trademark, Petitioner was entitled to an instruction that the jury could grant as much weight as it wished to the products' similarity and to exclude the instruction that the products' "similar" or "identical" trade dress "is not enough, by itself," to support a finding for Petitioner. The rule urged by Petitioner was applied by the Tenth Circuit in Beer Nuts, II, supra, 805 F.2d at 927, a trademark case. In LeSportsac, Inc. v. K Mart Corp., 754 F.2d 71, 79 (2d Cir. 1985), a configuration case, the court

specifically affirmed a trial court's finding of likely confusion on the ground that "the bags [, the products at issue] are almost indistinguishable." There appear to be no cases involving closely similar marks in which the jury was not given this option. However, as was noted at page 14, supra, Vesca proposed eliminating the rule in configuration cases.

b. The rule that a junior user who adopts a trade dress similar to one already established in the market does so at his peril and all doubts are to be resolved against him is virtually a universal rule in trademark and packaging cases. E.g., Beer Nuts, II at 927; AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 354 (9th Cir. 1979); American Home Products, Inc. v. Johnson Chem. Co., 584 F.2d 103, 107 (2d Cir. 1978). However, a less expansive protection for configurations could bar it.

c. Even limited instances of confusion have been consistently accorded great weight in cases involving low priced items, while great contrary evidence was required to rebut that evidence. E.g., Fuji Photo Film Co. v. Shinohara Shoji, Inc., 754 F.2d 591, 597 (5th Cir. 1985); Beer Nuts, II at 928.

d. Deliberate adoption of a trade dress similar to another's routinely permits a jury to infer an intent to pass off one's goods as produced or sponsored by another. Beer Nuts II at 927; Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417, 432 (5th Cir. 1984).

The court of appeals' refusal of Petitioner's instructions cannot be squared with general trademark law, but it would be entirely

consistent with the Vornado panel's dictum or the recent Third Circuit decisions. The panel clearly was restricting configuration trade dress protection. Since recent circuit decisions have split nearly evenly on this issue, there is every reason to expect future decisions to diverge, rather than achieve a consensus.

CONCLUSION

Product configuration becomes more and more frequently the subject of trade dress litigation and the circuits already have manifested a significant range of disagreement on the extent to which such configurations are to be protected as trade dress. It is necessary and appropriate that this Court address the matter, sooner rather than later. The instant case is particularly appropriate. There can be no question that litigation involving conventional trademarks as similar as are the Snugz and Chums trade dresses would be treated as a case of clear infringement. Whether the standards for configurations are the same as, or different than, for other forms of trade dress should be definitively answered.

Respectfully submitted,

PHILIP A. MALLINCKRODT
Attorney for Petitioner
510 Newhouse Building
10 Exchange Place
Salt Lake City, Utah 84111
(801) 328-1624

APPENDIX A

ORDER AND JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT FILED AUGUST 25, 1995

No. 94-4109

UNITED STATES COURT OF APPEALS
FOR THE TENTH CIRCUIT

CHUMS, LTD.

Plaintiff-Appellant,

v.

SNUGZ/USA, INC., et al.,

Defendants-Appellees.

Decided and filed August 25, 1995

ORDER AND JUDGMENT*

Before: BRORBY, KELLY and HENRY, Circuit Judges

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*This order and judgment is not binding precedent, except under the doctrines of the law of the case, res judicata, and collateral estoppel. The court generally disfavors the citation of orders and judgments; nevertheless, an order and judgment may be cited under the terms and conditions of the court's General Order filed November 29, 1993. 151 F.R.D. 470.

Plaintiff-Appellant Chums, Ltd. (Chums) appeals from a jury verdict in favor of Defendants-Appellees Snugz/USA, Inc. (Shugz) and Howard J. Adamson. Our jurisdiction arises pursuant to 28 U.S.C. §1291 and we affirm.

BACKGROUND

Both Chums and Snugz are in the business of making eponymous eyeglass retainers, those stringy objects that dangle from the back of sunglasses to keep them from straying from the head of their owner. Believing that Snugz' product too closely resembles its own eyeglass retainers, Chums filed suit in federal district court, charging Snugz and Adamson with having violated the Lanham Act, 15 U.S.C. §1125(a) (1982), and the Utah Unfair Practices Act, Utah Code Ann. §13-5-2.5(1992). Following trial, the jury found that while Chums' trade dress was either inherently distinctive or had acquired a secondary meaning, there was no likelihood of confusion between Chums' and Snugz' eyeglass retainers. Pursuant to this verdict, the district court thereafter entered a judgment of "no cause of action." Chums now appeals on numerous grounds.

DISCUSSION

A. Evidentiary Issues

Chums argues that the district court erred in excluding the testimony of two witnesses regarding conversations in which other unidentified third parties allegedly had misidentified Chums as Snugz or vice versa. In one instance, the court excluded the testimony on hearsay and Fed. R. Evid. 403 prejudice grounds, and in the other, only on hearsay grounds.

We review the evidentiary rulings of a trail court for abuse of discretion. *Faulkner v. Super Valu Stores, Inc.*, 3 F.3d 1419, 1433

(10th Cir. 1993). Under this standard, a trial court's decision will not be disturbed absent our firm and definite conviction that the lower court "made a clear error of judgment or exceeded the bounds of permissible choice in the circumstances." *Moothart v. Bell*, 21 F.3d 1499, 1604 (10th Cir. 1994) (quotation omitted).

Under this deferential standard, the district court did not abuse its discretion in excluding the testimony of either witness. Fed. R. Evid. 801(c) defines hearsay as "a statement, other than one made by the declarant while testifying at the trial or hearing, offered in evidence to prove the truth of the matter asserted." To our mind, it is clear that Chums wished to offer the excluded conversations precisely for the truth of what the third parties said. Moreover, recognizing that the trial judge is uniquely suited to the task of balancing probative worth against likely harm, *C.A. Assocs. v. Dow Chemical Co.*, 918 F.2d 1485, 1489 (10th Cir. 1990), we find no reversible error in the district court's excluding nameless third-party testimony on the grounds that the evidence's "probative value [was] substantially outweighed by the danger of unfair prejudice . . . ." Fed. R. Evid. 403.

B. Unfair Competition

Chums next alleges that the district court wrongfully, and off the record, dismissed its claim that Snugz had violated the Utah Unfair Practices Act, Utah Code Ann. §13-5-2.5 (1992), and thereby prevented a jury from considering the theory of liability.

This argument, however, misapprehends the record, for the district court did indeed instruct the jury regarding Chums' state unfair competition claims. *See* Aplt. App. at 244-45.

Reviewing the jury instructions as a whole, we find that they clearly state "the applicable law and provide the jury with ample understanding of the issues and standards of the case."

Shamrock Drilling Fluids, Inc. v. Miller, 32 F.3d 455, 459 (10th Cir. 1994) (internal quotations and citations omitted). Specifically, Instructions 30 and 31 speak to the very sort of unfair competition contentions raised by Chums at trial, and cover the heart of Chums' proffered unfair competition jury instructions. The jury decided based on the instructions given, and as there has been no substantive challenge to their findings, our analysis on this issue need to no further.

C. Jury Instruction Issues

Chums also argues that the district court erred in refusing to give Chums' proposed Jury Instruction 8, concerning likelihood of confusion, and in giving Instruction 25. We "apply a de novo standard of review to determine the propriety of tendering an individual jury instruction." *United States v. Harmon*, 996 F.2d 256, 258 (10th Cir. 1993).

In its order regarding, among other things, the preparation of jury instructions, the district court noted the following: "All instructions should be short, concise, understandable, and *neutral* statements of law" (emphasis in original). Proposed Instruction 8 does not fit this description. It is long, convoluted, and confusing. Moreover, its subject matter, likelihood of confusion, is stated in far more succinct fashion by actual Instruction 26. We think the district court was entirely correct in substituting clarity for cloudiness.

As to Instruction 25, Chums contends that the district court misled the jury by failing to indicate that the adoption of a trade dress similar to one already established in the marketplace raised a presumption of illegality. Chums' reliance upon *Beer Nuts, Inc. v. Clover Club Foods Co. (Beer Nuts II)*, 805 F.2d 920, 927 (10th Cir. 1986), to support its argument is misplaced, for this statement appears in the larger context of a discussion about intent as a

factor in assessing likelihood of confusion. In *Beer Nuts II*, we noted that "deliberate adoption of a similar mark may lead to an inference of intent to pass off goods as those of another which in turn supports a finding of likelihood of confusion." *Id.* This reasoning does not establish a presumption of illegality whenever one good, similar to a pre-existing good, enters the market.

D. Motion for Mistrial

Next on the list of Chums' issues on appeal is its contention that the district court erred by denying its motion for a mistrial following a juror's referencing a dictionary for aid in defining the term "likelihood," and his subsequent introduction of the dictionary into the jury room. We review the denial of a motion for mistrial for abuse of discretion. *United States v. Pinelli*, 890 F.2d 1461, 1482-83 (10th Cir. 1989), *cert. denied*, 495 U.S. 960 (1990); *United States v. Peveto*, 881 F.2d 844, 859 (10th Cir.), *cert. denied*, 493 U.S. 943 (1989). We reverse for abuse of discretion only if we have "a definite and firm conviction that the lower court made a clear error of judgment or exceeded the bounds of permissible choice in the circumstances." *United States v. Thompson*, 908 F.2d 648, 650 (10th Cir. 1990) (quotation omitted). As with a review of a motion for new trial, this latitude is based on a recognition that the trail judge "was uniquely able to assess the likelihood that the extraneous information was prejudicial." *May v. St. Francis Hosp. of Wichita, Inc.*, 969 F.2d 919, 922 (10th Cir. 1992).

No such error in judgment or overstepping of permissible choice occurred in this case. It is true that a "rebuttable presumption of prejudice arises whenever a jury is exposed to external information in contravention of a district court's instruction." *Id.* The district court, however, found that this presumption had been rebutted, noting that (1) only one juror had seen the dictionary; (2) the dictionary was confiscated by a marshal; (3) the jury was re-instructed not to use or refer to extraneous

sources of information; (4) the dictionary definition at issue comported with common-sense meaning; and (5) Chums' counsel argued only that the jury should be re-instructed to rely on ordinary and common meaning. We agree that these facts and circumstances rebut any presumption of prejudice.

E. Motion for New Trial

The district court denied Chums' motion for new trial. We generally review this decision under an abuse of discretion standard. *See FDIC v. United Pac. Ins. Co.*, 20 F.3d 1070, 1079 (10th Cir. 1994). Essentially, on appeal Chums makes a sufficiency of the evidence argument: that the verdict was clearly against the weight of the evidence. We disagree. Ample evidence was adduced to support the jury findings, and it was not an abuse of discretion for the district court to deny Chums' motion.

AFFIRMED.

Entered for the Court
Paul J. Kelly, Jr.
Circuit Judge

APPENDIX B

JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF UTAH DATED DECEMBER 8, 1993

UNITED STATES DISTRICT COURT OF APPEALS
FOR THE CENTRAL DISTRICT OF UTAH

Case No: 92-C-158-S

CHUMS, LTD.

Plaintiff-Appellant,

v.

SNUGZ/USA, INC., et al.,

Defendants-Appellees.

JUDGMENT IN A CIVIL CASE

Jury Verdict. This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

IT IS ORDERED AND ADJUDGED that judgment be entered on the jury's findings as follows: In favor of the defendants and against plaintiff on the issue of confusion. In favor of the plaintiff and against the defendants on the issue of functionality and distinctiveness. The jury's findings on these issues result in no cause of action against the defendants. Judgment is, therefore, entered in favor of defendants.

December 8, 1993
Date

Markus B. Zimmer, Clerk
/s/ Lois M. Wallberg

(By) Deputy Clerk

APPENDIX C

ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT RE: REHEARING FILED OCTOBER 27, 1995

No. 94-4109

UNITED STATES COURT OF APPEALS
FOR THE TENTH CIRCUIT

CHUMS, LTD.

Plaintiff-Appellant,

v.

SNUGZ/USA, INC., et al.,

Defendants-Appellees.

ORDER
Entered October 27, 1995

Before: BRORBY, KELLY and HENRY, Circuit Judges

This matter comes on for consideration of appellant's petition for rehearing and suggestion for rehearing in banc.

Upon consideration whereof, the petition for rehearing is denied by the panel that rendered the decision.

In accordance with Rule 35(b), Federal Rules of Appellate Procedure, the suggestion for rehearing in banc was transmitted to

all of the judges of the court who are in regular active service. No member of the panel and no judge in regular active service on the court having requested that the court be polled on rehearing in banc, Rule 35, Federal Rules of Appellate Procedure, the suggestion for rehearing in banc is denied.

Entered for the Court
Patrick Fisher, Clerk
By: Deputy Clerk

APPENDIX D

PLAINTIFF'S PROPOSED INSTRUCTION NO. 8

(Proposed) Instruction No. 8

If you find that, the circumstances in which Chums and Snugz are sold and used, it is likely that a not-insignificant portion of the purchasing or using public, or of any other section of the public or business community with which Chums interacts, including, but not limited to,

a. people who are likely to purchase retainers for personal or business purposes;

b. people who are given (or likely to be given) promotional retainers

is likely to believe that Chums and Snugz retainers are the same product or are produced by the same manufacturer or that one product is sponsored or approved by the other's maker, you are to find a likelihood of confusion between Chums and Snugz retainers.

With respect to this issue, you may give whatever weight you choose to any of the following:

1. The relative uniqueness of the Chums trade dress in the retainer market before Snugz entered that mark;

2. The degree of similarity between the Chums and Snugz retainers themselves;

3. Whether Chums and Sungz compete for the same or similar buyers or are potential competitors (for example, whether Snugz is a potential entrant into Chums' markets);

4. Instances of actual confusion between Chums and Snugz or of awareness of the products' similarity among people in the trade;

5. Survey evidence;

6. The degree of attention and care which buyers and users in fact pay to products such as these or are likely to pay to products such as these.

You may, if you choose, give great weight to even a limited number of instances of actual confusion. While very little proof of actual confusion may be sufficient to prove a likelihood of confusion, an almost overwhelming amount would be necessary to refute that proof.

You are *instructed* to apply the following criteria to your consideration of this issue:

1. One who adopts a trade dress similar to another trade dress which already is established in the marketplace does so at his peril. All doubts must be resolved against him. In other words, if you find that Snugz, for whatever reason, has adopted a trade dress similar to Chums and that Chums already was established in the marketplace, you must find a likelihood of confusion unless defendants disprove said likelihood or confusion by a clear and convincing preponderance of the evidence.

2. If you find that Snugz, or any of its employees or representatives have intended to pass off retainers, in any market, as Chums-produced or Chums-sponsored, you are instructed to infer that there is a likelihood of confusion in that market.

3. If you find that Snugz deliberately adopted a trade dress similar to Chums, you may infer that Snugz intended to pass off its goods as Chums-produced or Chums-sponsored. If you do infer that this was Sungz' intent, you are instructed to further infer that there is a likelihood of confusion in the market.

4. In deciding whether to infer whether Snugz intended to pass off its goods as Chums-produced or Chums-sponsored, you are instructed to treat Howard James Adamson's former relationship with Chums as evidence of such as intent, but you may give that evidence whatever weight you see fit.

APPENDIX E

INSTRUCTION NO. 25 (GIVEN BY THE DISTRICT COURT)

Instruction No. 25

There is nothing inherently improper or illegal if one company that makes or sells a product that is similar or even identical to another product already on the market. In certain circumstances, such activity can be prohibited. In other circumstances, such activity is allowed as part of a competitive economy. Merely because defendant's product looks similar or identical to Plaintiff's product is not enough, by itself, to conclude that defendant did anything improper or illegal.

APPENDIX F

INSTRUCTION NO. 26 (GIVEN BY THE DISTRICT COURT)

Instruction No. 26

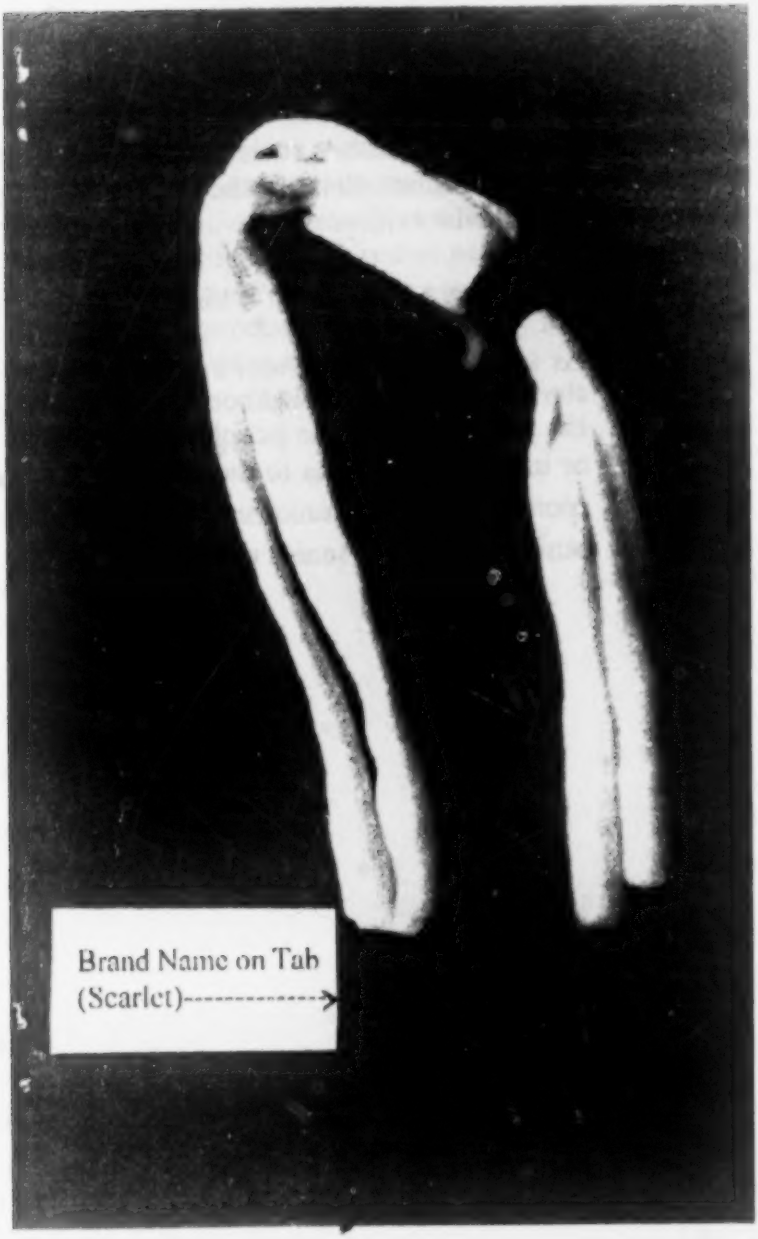
Section 43(a) of the Lanham Act, a federal statute, protects product's trade dress and permits a senior user to prevail against a junior user on an infringement claim, if the senior user can prove, by a preponderance of the evidence, that:

1. Its product's trade dress is distinctive; and

2. As a result of a junior user's product's trade dress' similarity, there is a likelihood of confusion among the public--such as the people who are likely to buy or use the product--as to the source, affiliation or sponsorship of the junior user's products and the senior user or the senior user's products.

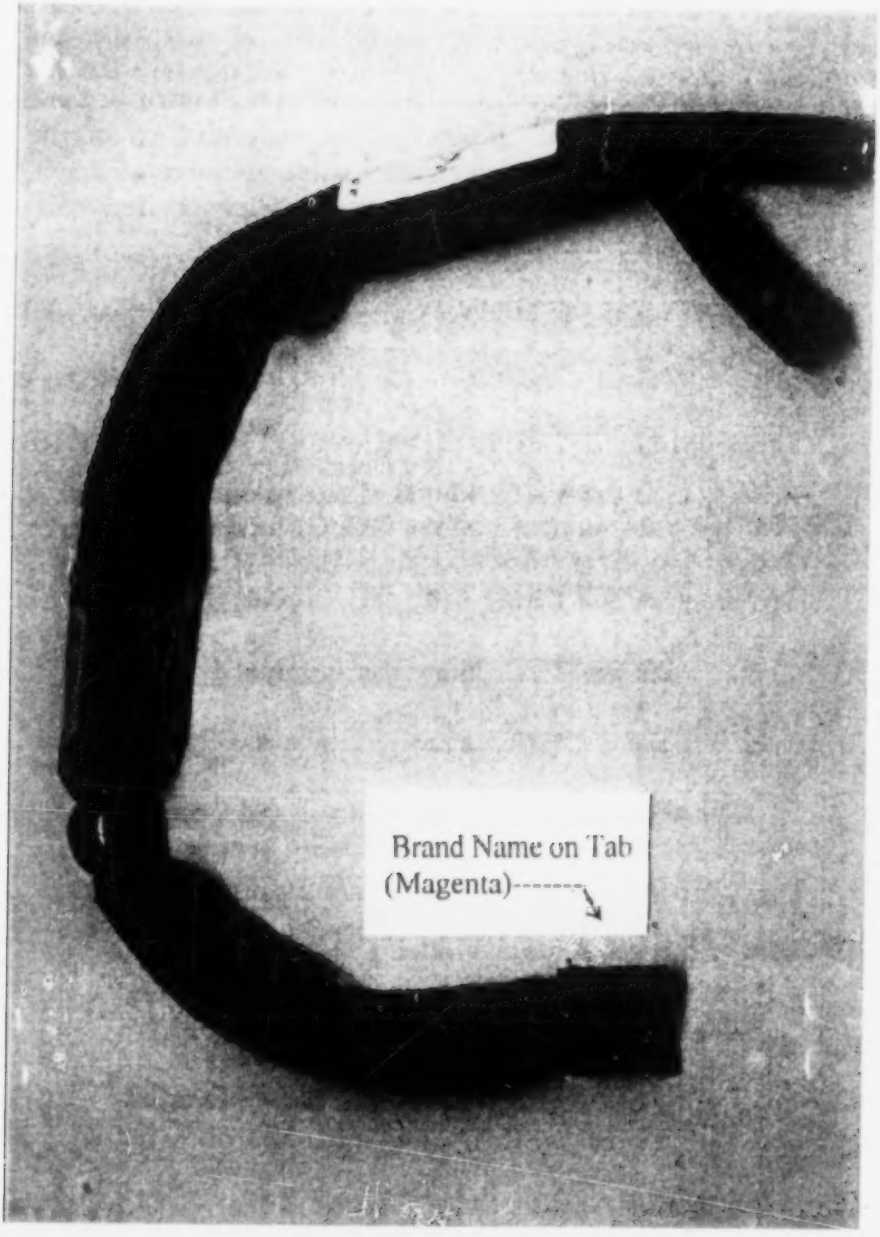
APPENDIX G

CHUMS EYEGLASS RETAINER



APPENDIX H

SNUGZ EYEGLASS RETAINER



APPENDIX I

SPECIAL VERDICT, CHUMS v. SNUGZ

We, the jury in the above-entitled cause, upon our oath do say that we find and answer the Special Verdict questions as follows:

If you find the evidence preponderates in favor of the issue presented, answer "Yes." If you find the evidence is so equally balanced that you cannot determine a preponderance of the evidence, of [sic] if you find that the evidence preponderates against the issue presented, answer "No."

1. Is the CHUMS eyeglass retainer inherently distinctive or has it acquired a secondary meaning?

ANSWER: Yes _X_ No _____

2. Is there a likelihood of confusion between the CHUMS eyeglass retainer and the SNUGZ eyeglass retainer?

ANSWER: Yes _X_ No _____

3. Is the CHUMS eyeglass retainer functional?

ANSWER: Yes _____ No _X_

If your answer is yes to questions 1 and 2 and no to question 3, proceed to answer the following questions.

[Balance of Special Verdict omitted.]

Dated this 7th day of December 1993.

/s/ Harley Johnson

Foreperson